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Counsel for The Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
Delphi Corporation, <u>et al.</u> ,)	Case No. 05-44481 (RDD)
)	
Debtors.)	
)	Jointly Administered
)	

**RESERVATION OF RIGHTS OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS TO THE DEBTORS' EXPEDITED MOTION
FOR ORDERS AUTHORIZING AND APPROVING THE SALE OF
DEBTORS' ASSETS COMPRISING EXHAUST EMISSIONS BUSINESS**

The Official Committee of Unsecured Creditors (the "Committee") appointed in the chapter 11 cases of Delphi Corporation and certain of its affiliates (collectively, the "Debtors"), by and through its undersigned counsel, hereby submits this reservation of rights with respect to the Debtors' *Expedited Motion for Orders (A)(I) Approving Bidding Procedures, (II) Granting Certain Bid Protections, (III) Approving Form and Manner of Sale Notices, and (IV) Setting Sale Hearing Date and (B) Authorizing and Approving (I) Sale of Debtors' Assets Comprising Debtors' Exhaust Emissions Business Free and Clear of Liens, Claims, and Encumbrances, (II)*

Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III)

Assumption of Certain Liabilities (the “Motion”). The Committee respectfully states as follows:

BACKGROUND

1. On October 8, 2005 (the “Petition Date”), thirty-nine of the Debtors filed with this Court voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). On October 14, 2005, the three remaining Debtors similarly filed voluntary petitions.

2. The Committee was appointed nine days after the Petition Date, on October 17, 2005.¹ Shortly thereafter, the Committee selected Latham & Watkins LLP as its counsel, Mesirow Financial Consulting LLC as its financial advisor and Jefferies & Company, Inc. as its investment banker. Moelis & Company LLC has recently been retained (on an interim basis) as the Committee’s co-investment banker, along with Jefferies & Company, Inc.

3. On November 14, 2008, the Debtors filed the Motion, seeking approval for certain Debtor and non-Debtor entities (the “Sellers”) to sell substantially all the assets comprising their exhaust emissions business (the “Exhaust Business”) pursuant to a Master Sale and Purchase Agreement (the “Agreement”) among the Sellers and Bienes Turgon S.A. de C.V. (the “Stalking Horse”). The Debtors first request entry of an order during the November 24, 2008 omnibus hearing, approving certain bidding procedures (the “Bidding Procedures”), including proposed bid protections to the Stalking Horse. Next, the Debtors request entry of an order during the December 17, 2008 omnibus hearing, approving the sale of the Exhaust Business to the Stalking Horse or to another successful bidder.

¹ The current members of the Committee are: (a) Capital Research and Management Company; (b) Freescale Semiconductor, Inc.; (c) IUE-CWA; (d) Wilmington Trust Company, as Indenture Trustee and (e) Tyco Electronics Corporation. The Pension Benefit Guaranty Corporation and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America are *ex officio* members of the Committee.

4. The Exhaust Business generated annual revenue of approximately \$294.4 million and EBITDA of \$19.1 million on a *pro-forma* basis for the year ended December 31, 2007, prior to certain costs and excluding revenue and EBITDA of the Katcon joint venture. The Exhaust Business is expected to generate a similar level of EBITDA in 2008. The Agreement provides that the Exhaust Business would be sold to the Stalking Horse for a purchase price of \$17 million, subject to certain adjustments (the “Purchase Price”). In other words, the Purchase Price is only roughly a “one times” multiple of the Exhaust Business’ expected 2008 EBITDA.

RESERVATION OF RIGHTS

5. The Committee does not object in principle to the Bidding Procedures (including the proposed bid protections to the Stalking Horse). However, given that the Motion was only filed on November 14, the Committee’s professionals have not yet had the opportunity to complete its due diligence with respect to the contemplated transaction. In particular, the Committee is concerned that the Purchase Price may be too low (*i.e.*, a “one times” multiple of the Exhaust Business’ expected 2008 EBITDA). Indeed, a sale of the Exhaust Business at that price (or even at a marginally higher price as determined through an auction) may not benefit the Debtors, and it could be more advantageous to retain the Exhaust Business.

6. Though the Committee does not object to the Bidding Procedures, it reserves its right to object on any basis to the sale of the Exhaust Business during the December 17 sale hearing. Between now and that time, the Committee and its professionals will continue to review and assess the contemplated transaction.

WHEREFORE, the Committee respectfully requests that this Court grant it such relief
as is just and proper.

Dated: November 20, 2008
New York, New York

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